

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001853

SIPDIS

STATE PLEASE PASS AIT/W AND USTR
STATE FOR EAP/RSP/TC, EAP/EP, EB/IFD/OIA AND NP/ECC/MCCCELLAN
STATE FOR INR/EC NKWG
USTR FOR SCOTT KI

E.O. 12958: DECL: 04/15/2025

TAGS: [ETTC](#) [PARM](#) [PINR](#) [PREL](#) [PTER](#) [TW](#)

SUBJECT: TAIWAN'S REVISED TECH PROTECTION BILL

REF: TAIPEI 1780

Classified By: AIT DIRECTOR DOUGLAS PAAL, REASON 1.5 B/D

1. (C) Summary and comment: At a Cabinet meeting on April 13, Taiwan's Executive Yuan (EY) passed a "Sensitive Technology Protection" bill that is a more comprehensive, tougher version of the "Technology Protection Bill" that has been stalled in the Legislative Yuan (LY) for over two years. While Taiwan's export control officials believe the bill is a distinct improvement that addresses some of the deficiencies the recent EXBS training participants noted in the earlier draft law, there is still no indication of how long it will take to be passed by the LY to become law, and the current heated partisan atmosphere in the LY does not bode well for quick action. Rather than relying on uncertain new legislation, AIT/T believes a quicker, more efficient way to protect sensitive technologies would be for the Ministry of Economic Affairs to add administratively a provision on trade in intangibles to existing export control regulations. End Summary and comment.

2. (SBU) Taiwan media reports that the new draft Sensitive Technology Protection Law would impose penalties of up to NTD 30 million and seven years imprisonment for the unauthorized export of techniques and know-how. If the unauthorized export of technology were done with knowledge that it would benefit foreign agencies or authorities, the penalties can go up to NTD 45 million and 10 years imprisonment. Transfers of sensitive technologies would need to be reviewed by both Taiwan's National Security Council and the Ministry of Economic Affairs Investment Commission. Although the bill still appears to restrict Taiwan high-tech investment in China, Taiwan Premier Frank Hsieh portrayed the new bill as a way of furthering the government's policy of active opening and efficient management towards cross-Strait trade and investment since it sets clear limits on technologies that can be transferred.

3. (C) BOFT Import/Export Administration Acting Director Wally Su told AIT on April 14 that his office had not yet received the full text of draft Sensitive Technology Protection Law, but that the summaries of it that he had seen indicated a significant improvement over the previous Technology Protection Law bill. He said that in several ways the new bill broadened the scope to cover more types of intangible technologies, and strengthened the penalties for violations, probably in response to criticism made of the previous draft during the recent EXBS training. He admitted though that the bill still focused on Taiwan investment in China, and that it was being pushed by the Taiwan Solidarity Union political party as a way of restricting investment in China. Su said that within the next few days the draft would be circulated to relevant ministries with instructions to urge legislators to take action quickly. He also noted that once the LY starts debating the bill, there was no telling how the contents might change.

Behind the Technology Protection Bill

4. (SBU) The drafting of a technology protection law has been in process in Taiwan for about two years, with different version submitted to Taiwan's National Security Council by different political parties. The recent cases of United Microelectronics Corporation illegal investment in Mainland semi-conductor manufacturer He Jian and efforts by the Taiwan government to fine Robert Chang, the Chairman of China's Semiconductor Manufacturing International Corporation's (SMIC) have amplified local concerns about the ongoing flow of high technology from Taiwan to China. Taiwan's high technology sector has begun lobbying through various channels, such as a public hearing on technology protection hosted by TSU Legislator Chen Ying Ho on March 29, for minimizing the scope of any technology protection law.

5. (C) Taiwan already has export control regulations that cover the export of commodities embodying sensitive technologies to "high risk" areas. However, these regulations do not currently cover intangible technologies. Taiwan officials maintain that completely new legislation is needed to address the issue of controlling intangible items.

Given the heated partisan debate over previous iterations of this bill in the LY, AIT/T believes a more predictable way for Taiwan to protect sensitive technologies would be to administratively add a provision on trade in intangibles to existing export control regulations.

PAAL